

DOCKET SECTION

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

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**POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY**

POSTAL RATE AND FEE CHANGES, 1997 :

DOCKET NO. R97-1

**PARCEL SHIPPERS ASSOCIATION
SECOND SET OF INTERROGATORIES
TO UNITED STATES POSTAL SERVICE
WITNESS CHARLES L. CRUM
(PSA/USPS-T28-4-5)**

The Parcel Shippers Association (PSA) requests United States Postal Service to respond, fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,



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Dated: August 28, 1997

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**INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE WITNESS CRUM**

PSA/USPS-T28-4. In your filed testimony in MC97-2 (page 8), you present the relative volume shares of letters, flats, and parcels, based on Table 1 of Library Reference PCR-38. In this proceeding you have stated the relative volume shares based on Tables 1 and 2 of Library Reference H-108. The data shows an increase in letters from 55% of the total to 58.4%, and a decline in flats from 43.5% to 40.1%. Can you explain the basis for this significant shift in the shares of Standard Mail (A) from flats to letters?

PSA/USPS-T28-5. Your filed testimony in MC97-2 (page 9) stated that attributable cost differences within Standard Mail (A) nonletters could be impacted by weight. You further said that you had discovered that Standard Mail (A) parcels and flats weigh very nearly the same within the carrier route category and you could "thus, isolate the cost driving effect of shape as opposed to weight within that category."

(a) Please explain why, in the current proceeding, you have abandoned this approach of comparing carrier route flats and parcels of comparable weights and exchanged it for a comparison of all Standard (A) parcels and flats combined?

(b) Is your comparison in R97-1 testimony able to isolate the influence of weight on the reputed cost differences between parcels and flats, so that the difference can be attributed solely to the influence of shape?

**INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
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(c) On page 11 of your R97-1 testimony you list the FY '96 Standard Mail (A) costs by shape based on Library Reference H-108. Please also supply for the record FY '96 revenues per piece separately for parcels and flats.

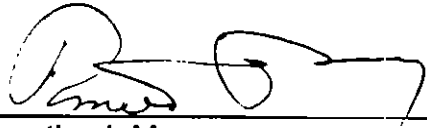
(d) On pages 11 and 12 of your testimony you extrapolate the FY '98 Test Year cost differences per piece from the FY '96 costs per piece. Please also supply the revenues per piece separately for Standard (A) parcels and flats for the 1998 Test Year.

(e) You testify on page 11 of your testimony that "the degree of presort and depth of dropshipment can each have an impact on costs." You proceed to adjust the parcels/flat cost difference to account for those effects. Since you have previously filed testimony that states that weight also has an impact on the parcel/flat cost differential, please explain why no attempt was made to adjust the differential for the influence of weight?

(f) Based on your own studies or your understanding of the study and analysis contained in Library Reference H-108, are you able categorically to state that the asserted cost differentials between parcels and flats are shaped-based cost differences as opposed to weight-based cost differences? If your answer is in the affirmative, please explain the basis for the answer and cite to data that supports the answer.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



Timothy J. May

Dated: August 28, 1997